

ND TEACHERS FUND FOR RETIREMENT
INVESTMENT PERFORMANCE REPORT AS OF DECEMBER 31, 2006

	December-06					September-06				Current	Prior Year	3 Years	5 Years
	Market Value	Allocation		Quarter		Market Value	Allocation		Quarter	Net ROR	Net ROR	6/30/2006 Net	6/30/2006 Net
		Actual	Policy	Net ROR	Net ROR		Actual	Policy					
LARGE CAP DOMESTIC EQUITY													
<i>Structured Growth</i>													
LA Capital	78,834,289	4.2%	4.2%	7.70%	0.30%	73,859,973	4.2%	4.2%	1.81%	9.65%	11.88%	N/A	N/A
Total Structured Growth	78,834,289	4.2%	4.2%	7.70%	0.30%	73,859,973	4.2%	4.2%	1.81%	9.65%	11.88%	12.99%	0.19%
Russell 1000 Growth				5.93%	0.34%				3.94%	10.10%	6.12%	8.34%	-0.77%
<i>Structured Value</i>													
LSV	80,328,939	4.3%	4.2%	8.13%	1.98%	75,781,744	4.3%	4.2%	4.48%	12.97%	15.93%	21.06%	12.29%
Russell 1000 Value				8.00%	2.24%				6.22%	14.72%	12.10%	15.70%	6.89%
<i>Enhanced Russell 1000 Index</i>													
LA Capital	75,544,344	4.1%	3.9%	7.80%	1.47%	70,714,973	4.0%	3.9%	3.51%	11.58%	12.49%	12.73%	3.75%
Russell 1000				6.95%	1.28%				5.06%	12.36%	9.08%	12.05%	3.12%
<i>Enhanced S&P 500 Index</i>													
Northern Trust	76,087,345	4.1%	3.9%	6.42%	1.61%	72,163,906	4.1%	3.9%	6.56%	13.40%	9.33%	11.32%	2.81%
Westridge	85,369,546	4.6%	4.2%	6.86%	1.43%	80,688,611	4.6%	4.2%	5.68%	12.94%	8.80%	11.46%	2.80%
Wells Capital	52,239,168	2.8%	2.8%	13.95%	6.60%	46,137,325	2.6%	2.8%	1.21%	15.33%	N/A	N/A	N/A
Franklin	50,850,528	2.7%	2.8%	5.52%	1.97%	48,512,118	2.8%	2.8%	N/A	N/A	N/A	N/A	N/A
Total Enhanced S&P 500 Index	264,546,588	11.5%	10.9%	7.79%	2.57%	247,501,961	11.4%	10.9%	5.15%	13.34%	8.58%	11.40%	2.76%
S&P 500				6.70%	1.40%				5.67%	12.74%	8.63%	11.22%	2.49%
<i>S&P 500 Index</i>													
State Street	34,426,761	1.9%	2.0%	8.05%	2.52%	32,160,003	1.8%	2.0%	5.79%	14.30%	9.62%	11.55%	2.70%
S&P 500				6.70%	1.40%				5.67%	12.74%	8.63%	11.22%	2.49%
TOTAL LARGE CAP DOMESTIC EQUITY	533,680,921	28.7%	28.0%	7.85%	1.98%	500,018,655	28.6%	28.0%	4.32%	12.50%	10.93%	13.21%	3.86%
S&P 500				6.70%	1.40%				5.67%	12.74%	8.63%	11.22%	2.49%
SMALL CAP DOMESTIC EQUITY													
<i>Manager-of-Managers</i>													
SEI	135,136,424	7.3%	7.2%	8.85%	0.35%	127,273,776	7.3%	7.2%	-0.01%	8.84%	13.56%	18.31%	8.00%
Russell 2000 + 200bp				9.43%	0.50%				0.94%	10.46%	16.86%	21.06%	10.71%
Callan	53,116,978	2.9%	2.8%	8.45%	0.29%	49,407,572	2.8%	2.8%	-0.91%	7.46%	N/A	N/A	N/A
Russell 2000				8.90%	0.33%				0.44%	9.38%			
TOTAL SMALL CAP DOMESTIC EQUITY	188,253,402	10.1%	10.0%	8.74%	0.34%	176,681,347	10.1%	10.0%	-0.27%	8.45%	13.40%	18.25%	7.97%
Russell 2000				8.90%	0.33%				0.44%	9.38%	14.58%	18.70%	8.50%
INTERNATIONAL EQUITY													
<i>Large Cap - Core</i>													
State Street	35,261,123	1.9%	1.8%	11.53%	3.43%	31,628,832	1.8%	1.8%	3.40%	15.32%	27.85%	20.61%	6.87%
MSCI EAFE (1)				10.35%	3.14%				3.93%	14.69%	26.56%	20.76%	5.94%
<i>Large Cap - Active</i>													
Capital Guardian	103,280,189	5.6%	5.4%	8.42%	3.23%	95,170,518	5.4%	5.4%	4.95%	13.79%	28.01%	21.32%	6.58%
LSV	103,880,226	5.6%	5.4%	10.85%	4.76%	93,717,230	5.4%	5.4%	5.93%	17.43%	27.77%	N/A	N/A
Bank of Ireland	34,082,453	1.8%	1.8%	9.82%	1.93%	31,041,174	1.8%	1.8%	3.02%	13.14%	22.00%	19.16%	N/A
Total Large Cap - Active	241,242,878	13.0%	12.6%	9.65%	3.69%	219,928,922	12.6%	12.6%	5.09%	15.23%	27.11%	21.84%	7.14%
MSCI EAFE - 50% Hedged				9.06%	3.79%				4.87%	14.37%	26.72%	22.56%	6.89%
<i>Small Cap - Active</i>													
Lazard	34,897,942	1.9%	1.8%	15.51%	4.41%	30,211,423	1.7%	1.8%	1.38%	17.11%	25.04%	29.34%	N/A
Wellington	33,055,521	1.8%	1.8%	9.14%	3.39%	30,242,090	1.7%	1.8%	3.21%	12.65%	23.35%	25.26%	N/A
Total Small Cap - Active	67,953,463	3.7%	3.6%	12.33%	3.91%	60,453,513	3.5%	3.6%	2.29%	14.90%	24.18%	27.28%	N/A
Citigroup Broad Market Index < \$2BN				11.41%	3.40%				1.55%	13.13%	29.21%	32.38%	N/A
TOTAL INTERNATIONAL EQUITY	344,457,464	18.5%	18.0%	10.36%	3.72%	312,011,267	17.8%	18.0%	4.36%	15.18%	26.61%	22.77%	8.74%
MSCI EAFE - 50% Hedged				9.06%	3.79%				4.87%	14.37%	26.72%	22.56%	6.89%
EMERGING MARKETS EQUITY													
<i>Core</i>													
JP Morgan	18,942,432	1.0%	0.9%	17.51%	5.15%	16,093,208	0.9%	0.9%	7.76%	26.63%	N/A	N/A	N/A
PanAgora	15,955,188	0.9%	0.9%	17.38%	4.93%	13,577,332	0.8%	0.9%	4.96%	23.20%	N/A	N/A	N/A
WestLB	16,169,981	0.9%	0.0%	17.37%	4.21%	13,762,287	0.8%	0.0%	2.94%	20.82%	N/A	N/A	N/A
UBS	28,531,083	1.5%	1.5%	16.12%	4.50%	24,520,969	1.4%	1.5%	4.67%	21.54%	N/A	N/A	N/A
Total Core	79,598,684	4.3%	4.1%	16.75%	4.58%	67,953,795	3.9%	4.1%	5.09%	22.69%	35.59%	32.44%	18.61%
MSCI Emerging Markets				17.64%	4.51%				5.01%	23.53%	35.91%	22.39%	12.89%
<i>Small Cap</i>													
DFA	18,385,551	1.0%	1.0%	20.71%	4.64%	15,197,509	0.9%	1.0%	8.53%	31.01%	N/A	N/A	N/A
MSCI Emerging Markets				17.64%	4.51%				5.01%	23.53%			
TOTAL EMERGING MARKETS EQUITY	97,984,235	5.3%	5.0%	17.47%	4.59%	83,151,303	4.8%	5.0%	5.71%	24.17%	34.40%	32.05%	18.40%
MSCI Emerging Markets				17.64%	4.51%				5.01%	23.53%	35.91%	34.76%	21.54%
DOMESTIC FIXED INCOME													
<i>Core Bond</i>													
Western Asset	24,439,241	1.3%	1.5%	1.78%	-0.52%	25,156,072	1.4%	1.5%	4.29%	6.14%	-1.15%	2.65%	5.96%
Lehman Aggregate				1.24%	-0.58%				3.81%	5.09%	-0.81%	2.05%	4.97%
<i>Index</i>													
Bank of ND	44,150,274	2.4%	3.0%	0.88%	-0.77%	46,610,848	2.7%	3.0%	3.77%	4.68%	-1.37%	1.53%	5.24%
Total Index	44,150,274	2.4%	3.0%	0.88%	-0.77%	46,610,848	2.7%	3.0%	3.77%	4.68%	-0.69%	2.10%	5.27%
Lehman Gov/Credit				1.04%	-0.76%				3.91%	4.99%	-1.52%	1.60%	5.13%
<i>Convertibles</i>													
TCW (2)	-	0.0%	0.0%	N/A	N/A	21,861,743	1.2%	1.5%	2.85%	N/A	4.54%	6.78%	1.15%
Calamos	22,435,795	1.2%	1.5%	N/A	0.41%	-	0.0%	0.0%	N/A	N/A	N/A	N/A	N/A
Total Convertibles	22,435,795	1.2%	1.5%	4.93%	0.41%	21,861,743	1.2%	1.5%	2.85%	7.92%	4.54%	6.78%	1.15%
Merrill Lynch All Convertibles (3)				5.01%	0.38%				2.79%	7.94%	9.37%	8.01%	4.94%

**ND TEACHERS FUND FOR RETIREMENT
INVESTMENT PERFORMANCE REPORT AS OF DECEMBER 31, 2006**

	December-06					September-06					Current	Prior Year	3 Years	5 Years	
	Market Value	Allocation		Quarter	Month	Market Value	Allocation		Quarter	Net ROR	Net ROR	Fiscal YTD	FY06	6/30/2006	5 Years
		Actual	Policy				Net ROR	Net ROR							
BBB Average Quality															
Wells Capital	24,429,273	1.3%	1.5%	2.07%	-0.39%	25,085,607	1.4%	1.5%	4.58%	6.74%	-2.70%	3.36%	5.51%		
Lehman BBB				1.49%	-0.94%				4.80%	6.36%	-2.37%	2.39%	6.10%		
Private Debt															
Prudential	24,354,942	1.3%	1.5%	1.47%	-0.34%	25,160,894	1.4%	1.5%	3.84%	5.37%	-0.13%	N/A	N/A		
Lehman Aggregate				1.24%	-0.58%				3.81%	5.09%	-0.81%	N/A	N/A		
Timberland															
TIR - Teredo (4)	17,876,244	1.0%	1.0%	2.22%	-0.06%	17,901,041	1.0%	1.0%	-0.19%	2.03%	-1.44%	7.62%	N/A		
TIR - Springbank	36,530,805	2.0%	2.0%	-0.20%	-0.03%	37,499,614	2.1%	2.1%	-0.06%	-0.25%	13.53%	N/A	N/A		
Total Timberland	54,407,049	2.9%	2.9%	0.59%	-0.04%	55,400,655	3.2%	3.2%	-0.10%	0.49%	9.43%	20.37%	N/A		
NCREIF Timberland Index				0.85%	0.28%				0.85%	1.71%	19.69%	13.94%	N/A		
TOTAL DOMESTIC FIXED INCOME	194,216,574	10.5%	12.0%	1.58%	-0.30%	199,275,819	11.4%	12.0%	2.67%	4.30%	3.12%	8.91%	8.14%		
Lehman Aggregate				1.24%	-0.58%				3.81%	5.09%	-0.81%	2.05%	4.97%		
HIGH YIELD BONDS															
Core															
Loomis Sayles	64,609,171	3.5%	3.5%	4.69%	1.02%	61,711,006	3.5%	3.5%	4.85%	9.77%	4.74%	N/A	N/A		
Sutter/Wells Capital	61,547,535	3.3%	3.5%	1.39%	-0.13%	60,745,822	3.5%	3.5%	2.84%	4.27%	4.70%	N/A	N/A		
Total Core	126,156,707	6.8%	6.9%	3.05%	0.46%	122,456,828	7.0%	6.9%	3.84%	7.01%	4.72%	5.70%	3.38%		
LB High Yield 2% Issuer Constrained Index				4.11%	1.11%				3.76%	8.02%	4.38%	N/A	N/A		
Mezzanine Debt															
Goldman Sachs	1,536,085	0.1%	0.1%	0.00%	0.00%	877,251	0.1%	0.1%	0.00%	0.00%	N/A	N/A	N/A		
TOTAL HIGH YIELD BONDS	127,692,791	6.9%	7.0%	3.04%	0.46%	123,334,079	7.1%	7.0%	3.82%	6.97%	4.72%	8.34%	7.47%		
LB High Yield 2% Issuer Constrained Index				4.11%	1.11%				3.76%	8.02%	4.38%	8.48%	8.60%		
INTERNATIONAL FIXED INCOME															
International Sovereign															
UBS Global (Brinson)	42,288,175	2.3%	2.5%	1.88%	-1.99%	41,207,276	2.4%	2.5%	-0.15%	1.72%	0.13%	5.24%	9.99%		
Citigroup Non-US Gov't Bond Index (5)				2.09%	-2.12%				0.89%	3.00%	-0.11%	5.01%	9.58%		
International Core															
Brandywine	43,131,649	2.3%	2.5%	2.84%	-1.24%	42,234,824	2.4%	2.5%	1.93%	4.83%	3.89%	8.39%	N/A		
Lehman Global Aggregate (ex-US)				2.57%	-1.80%				1.13%	3.73%	3.83%	5.69%	N/A		
TOTAL INTERNATIONAL FIXED INCOME	85,419,824	4.6%	5.0%	2.37%	-1.61%	83,442,100	4.8%	5.0%	0.89%	3.28%	2.01%	6.82%	10.91%		
Citigroup Non-US Gov't Bond Index (5)				2.09%	-2.12%				0.89%	3.00%	0.00%	5.05%	9.60%		
REAL ESTATE															
INVESCO															
J.P. Morgan Strategic & Special Funds	85,961,907			0.14%	0.00%	86,942,637			1.55%	1.69%	23.84%	17.33%	12.38%		
J.P. Morgan Alternative Property Fund	90,192,396			4.17%	1.69%	87,890,846			4.36%	8.72%	21.05%	17.14%	12.52%		
J.P. Morgan Alternative Property Fund	21,085,540			0.00%	0.00%	19,254,475			-2.82%	-2.82%	N/A	N/A	N/A		
TOTAL REAL ESTATE	197,239,842	10.6%	9.0%	1.94%	0.77%	194,087,958	11.1%	9.0%	2.40%	4.38%	22.09%	17.09%	12.36%		
NCREIF TOTAL INDEX				3.51%	1.16%				3.51%	7.14%	18.22%	15.63%	12.19%		
ALTERNATIVE INVESTMENTS															
Brinson IVCF III	417,114			63.24%	11.20%	694,580			12.77%	84.09%	26.32%	19.53%	18.00%		
Coral Partners V	3,550,059			1.68%	0.00%	4,920,599			-0.31%	1.36%	8.74%	-15.32%	-24.06%		
Coral Partners V - Supplemental	432,088			8.05%	0.00%	446,803			-0.70%	7.29%	10.53%	10.33%	N/A		
Coral Partners VI	7,366,553			-2.87%	0.00%	7,558,568			-0.08%	-2.95%	-6.22%	N/A	N/A		
Brinson 1998 Partnership Fund	1,060,635			2.07%	2.07%	1,035,674			4.03%	6.18%	16.52%	15.11%	1.97%		
Brinson 1999 Partnership Fund	1,923,577			4.42%	4.42%	2,570,238			8.99%	13.81%	14.27%	12.72%	-1.26%		
Brinson 2000 Partnership Fund	6,202,960			2.97%	2.97%	6,004,214			4.86%	7.98%	28.22%	17.90%	3.70%		
Brinson 2001 Partnership Fund	4,220,050			-1.63%	-1.63%	4,275,562			8.12%	6.36%	19.85%	9.95%	3.22%		
Brinson 2002 Partnership Fund	2,376,869			-6.73%	-6.73%	2,540,003			9.58%	2.20%	32.42%	13.22%	N/A		
Brinson 2003 Partnership Fund	704,849			5.60%	5.60%	665,233			3.05%	8.82%	25.48%	6.77%	N/A		
Total Brinson Partnership Funds	16,488,940			0.47%	0.47%	17,090,924			6.74%	7.25%	23.26%	14.60%	N/A		
Brinson 1999 Non-US Partnership Fund	882,382			25.02%	25.02%	965,127			16.69%	45.89%	40.48%	30.98%	18.60%		
Brinson 2000 Non-US Partnership Fund	1,708,804			0.83%	0.83%	1,689,133			26.11%	27.15%	35.03%	21.65%	13.01%		
Brinson 2001 Non-US Partnership Fund	1,725,672			-19.07%	-19.07%	2,125,124			7.27%	-13.19%	27.25%	17.46%	8.96%		
Brinson 2002 Non-US Partnership Fund	3,083,413			31.26%	20.81%	2,854,799			17.05%	53.64%	38.11%	22.66%	N/A		
Brinson 2003 Non-US Partnership Fund	2,457,307			12.56%	12.56%	1,847,325			21.45%	36.70%	31.08%	8.89%	N/A		
Brinson 2004 Non-US Partnership Fund	910,868			7.00%	7.00%	685,178			-0.77%	6.18%	24.56%	N/A	N/A		
Total Brinson Non-US Partnership Fund	10,768,447			9.00%	6.41%	10,166,686			16.59%	27.08%	33.66%	21.76%	N/A		
Brinson BVCF IV	10,148,687			10.81%	0.00%	9,128,089			9.17%	20.98%	31.35%	19.07%	0.41%		
Adams Street Direct Co-investment Fund	1,053,779			-5.02%	0.00%	1,105,766			N/A	N/A	N/A	N/A	N/A		
Matlin Patterson Global Opportunities	7,508,539			12.96%	0.00%	6,625,194			-5.52%	6.72%	-11.68%	26.48%	N/A		
Matlin Patterson Global Opportunities II	17,286,525			0.27%	0.00%	12,185,368			0.71%	0.98%	-0.85%	N/A	N/A		
InvestAmerica	3,154,272			0.00%	0.00%	3,143,751			30.21%	30.21%	0.00%	-9.20%	N/A		
Hearthstone MSII	246,139			0.00%	0.00%	76,059			0.00%	0.00%	-100.00%	-100.00%	-100.00%		
Hearthstone MSIII	1,303,612			-1.32%	0.00%	177,675			38.24%	36.42%	59.61%	N/A	N/A		
Quantum Resources	1,595,337			N/A	N/A	-			N/A	N/A	N/A	N/A	N/A		
TOTAL ALTERNATIVE INVESTMENTS (6)	81,320,090	4.4%	5.0%	4.16%	0.97%	73,320,063	4.2%	5.0%	6.22%	10.64%	11.11%	10.45%	-2.11%		
CASH EQUIVALENTS															
Northern Trust STIF/STEP	7,867,345	0.4%	1.0%	1.30%	0.38%	4,094,076	0.2%	1.0%	1.34%	2.65%	4.31%	2.64%	2.41%		
90 Day T-Bill				1.26%	0.44%				1.33%	2.60%	4.00%	2.37%	2.25%		
TOTAL FUND	1,858,132,489	100.0%	100.0%	6.76%	1.57%	1,749,416,667	100.0%	100.0%	3.42%	10.41%	14.79%	15.79%	7.67%		
POLICY TARGET BENCHMARK				6.33%	1.39%				4.16%	10.75%	13.17%	14.32%	6.67%		

NOTE: Monthly returns and market values are preliminary and subject to change.

- (1) This benchmark was changed to the MSCI EAFE (unhedged) as of December 1, 2004.
- (2) TCW was terminated on September 22, 2006. The portfolio was transferred to Calamos on October 5, 2006.
- (3) Prior to January 1, 2005, the benchmark was the First Boston Convertible Index.
- (4) Prior to June 1, 2006, the Toledo properties were under the management of RMK.
- (5) Previously this benchmark was titled Salomon Brothers Non-US Gov't Bond Index.
- (6) Because of the variation in fee calculations in Alternative Investments, only net returns will be shown until June of each year when actual costs are known.